

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 7698

BILL NUMBER: SB 416

NOTE PREPARED: Apr 4, 2005

BILL AMENDED: Mar 31, 2005

SUBJECT: Diagnostic Imaging and Outpatient Facilities.

FIRST AUTHOR: Sen. Gard

FIRST SPONSOR: Rep. Becker

BILL STATUS: CR Adopted - 2nd House

FUNDS AFFECTED: X GENERAL
X DEDICATED
FEDERAL

IMPACT: State

Summary of Legislation: (Amended) This bill requires a diagnostic imaging facility to be licensed by the State Department of Health (ISDH) and establishes licensing fees. It also establishes the Diagnostic Imaging Facility Council.

The bill also requires the Health Finance Commission to study the need for ambulatory outpatient surgical centers and diagnostic imaging facilities to be licensed and report financial and patient information.

Effective Date: July 1, 2005.

Summary of Net State Impact: (Revised) *Summary:* The bill establishes a new licensing requirement for freestanding diagnostic imaging centers. The bill establishes the Diagnostic Imaging Facilities Council. The cost of the bill is estimated to be \$385,200 in FY 2006 and \$417,000 in FY 2007. The bill establishes licensing fees and further provides that if the defined schedule for fees is insufficient to cover the State Department of Health's annual cost of conducting the licensure and inspection of diagnostic imaging facilities, the license fees applicable to general acute care hospitals shall be increased in an amount determined by the Budget Agency to be necessary to cover each year's annual deficiency.

Explanation of State Expenditures: *Diagnostic Imaging Licensing Provisions:* The bill establishes a 7-member Diagnostic Imaging Facility Council. The 7 members are to be appointed by the Governor. Members not employed by the state are entitled to reimbursement for travel expenses and a \$50 minimum salary per diem. Two meetings of the Council are required each year, although it may meet more often. The cost of each meeting would be \$300 in salary per diem payments to the 6 members appointed who would not be state employees, plus travel expenses. The total cost for the Council would be dependent upon the location of the

members appointed by the Governor and the number of meetings held each year. As a point of reference, similarly sized legislative study committees operated on budgets of \$8,000 for the 2004 interim.

(Revised) The bill also requires the ISDH to annually license and regulate diagnostic imaging centers, and conduct periodic licensure inspections and inspections in response to alleged breaches of the promulgated licensure rules. The ISDH estimates that there may be 160 to 200 facilities that will meet the definition of a diagnostic imaging facility. However, the bill also provides that facilities that are accredited by the American College of Radiology are to be issued a license without additional requirements by the Department. If this is the number of facilities to be regulated, the ISDH estimates that 7 additional staff members would be required at an approximate cost of \$357,000 in the first year and \$409,000 in the second year of the program. The Department also estimates that \$20,000 would be necessary on a one-time basis for regulatory systems software revisions. These expenses would not be eligible for federal matching funds and so would consist of 100% state General Funds.

The bill creates a new Class A misdemeanor for advertising or operating a facility that is required to be licensed as a diagnostic imaging facility and that is not licensed as required in the bill.

Explanation of State Revenues: The Attorney General may seek relief for operating an unlicensed diagnostic imaging facility including civil penalties for noncompliance in an amount not to exceed \$25,000 per day of unlicensed operations.

(Revised) *Licensure Fees:* The bill establishes a fee schedule for the licensure of free-standing diagnostic imaging facilities. The amount of annual revenue collected from the fee would be dependent upon the number of facilities that are determined to require separate licensure and the number of procedures performed annually. Multiple facilities under single ownership would be allowed to operate under one license. The fee is structured as the ambulatory outpatient surgery center fees; which are graduated based upon the number of procedures performed annually. The bill further provides that if the fees are insufficient to cover the Department's annual cost of conducting the licensure and inspection of diagnostic imaging facilities, the license fees applicable to general acute care hospitals shall be increased in an amount determined by the Budget Agency to be necessary to cover each year's annual deficiency.

Penalty Provision: If additional court cases occur as a result of the operation of unlicensed diagnostic imaging facilities, and fines are collected, revenue to both the Common School Fund (from fines) and the state General Fund (from court fees) would increase. The maximum fine for a Class A misdemeanor is \$5,000. However, any additional revenue would likely be small.

Explanation of Local Expenditures: *Penalty Provision:* A Class A misdemeanor is punishable by up to one year in jail.

Explanation of Local Revenues: *Penalty Provision:* If additional court actions occur and a guilty verdict is entered, local governments would receive revenue from court fees. However, any change in revenue would likely be small.

State Agencies Affected: Indiana State Department of Health.

Local Agencies Affected: Trial courts, local law enforcement agencies.

Information Sources: Terry Whitson, Assistant Commissioner, Healthcare Regulatory Services, Indiana State Department of Health, 317-233-7022.

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